



Magellan Flagship Fund Limited
ABN 32 121 977 844

Level 7, 1 Castlereagh Street,
Sydney NSW 2000 AUSTRALIA

General: +61 2 8114 1888
Facsimile: +61 2 8114 1800
Website: www.magellangroup.com.au

Magellan Flagship Fund Limited (“MFF”) Net Tangible Assets (“NTA”) per share for June 2011

MFF advises that its monthly NTA per share as at 30 June 2011 was \$0.762 excluding net deferred tax assets¹ of \$0.084. These figures are unaudited.

Markets were very choppy in June, with few earnings reports to offset largely weak economic data. During June we continued to reduce some consumer holdings and opportunistically added modestly to holdings of Google, China Mobile, Visa, Wells Fargo and MasterCard.

Governments in China, Europe and the United States continue to defer dealing with their financial problems. According to reports, China very quietly rescheduled more than \$450 billion of local government financing and a preliminary audit report of Chinese local government debt indicates borrowings of more than a quarter of GDP and presages future significant write-offs. The Greek and other European problems are front page news and the US Government debt continues to rise at an unsustainable rate.

Over the year, MFF’s pre tax NTA per share rose from \$0.759 to \$0.762. MFF marks to market its holdings and thus is likely to report a small pre tax gain/approximate break even pre tax for the full year results in August, after adjusting for the impact of the share buyback and subject to accounting and audit adjustments. The AUD appreciated by more than 20% against the key currencies during the year, including a rise in the USD rate from \$0.8447 as at 30 June 2010 to \$1.071 as at 30 June 2011. The portfolio appreciated strongly in the 12 months but the currency’s appreciation almost offset this in AUD terms.

The Company’s holdings with a market value of A\$2 million or greater (which represent about 99% of the portfolio value) as at 30 June 2011 were:

Holding	\$million	Holding	\$million
American Express	66.0	Visa	11.6
Yum! Brands	43.4	Procter & Gamble	10.0
Nestlé	35.8	US Bancorp	8.7
eBay	32.7	Wal-Mart	6.1
Coca-Cola	23.8	Colgate-Palmolive	4.7
Google	19.4	Bank of America	4.6
China Mobile	18.3	Tesco	2.7
McDonald’s	16.9	Mastercard	2.4
Wells Fargo	15.8	Lowe’s	2.4

About 85% of MFF's total investment assets by market value are in global multinationals (being entities that generate 50% or more of their revenue and/or have material operations in 15 or more countries outside the domicile of their primary securities exchange), with the balance being predominantly North American focused and about 6% being China focussed. The revenue and earnings split for the multinationals average almost 40% USA, slightly less than 30% Europe about 1/3 ROW. The emerging markets proportion of underlying revenue and earnings continues to rise.

As at 30 June 2011, MFF had net borrowings of approximately 18.75% of total investment assets. About 99% of borrowings are in AUD. Cash balances from unutilised sales proceeds and dividends are currently held in a mix of US Dollars, Swiss Francs, Singapore Dollars and Hong Kong Dollars, with a small amount in Sterling.

Key currency rates for AUD as at 30 June rates which were 1.071 (USD), 0.738 (EUR), 0.667 (GBP) and 0.901 (CHF) compare with the 31 May 2011 rates which were 1.066 (USD), 0.7412 (EUR). 0.6474 (GBP) and 0.9088 (CHF).

Yours faithfully,



Chris Mackay
Chief Investment Officer



Leo Quintana
Legal Counsel & Company Secretary

4 July 2011

¹ Deferred tax assets less deferred tax liabilities.